

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2014



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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
**Eastover Neighborhood Improvement
and Security District**
New Orleans, Louisiana

I have audited the accompanying general-purpose financial statements of the **Eastover Neighborhood Improvement and Security District, (the District)**, as of and for the year ended December 31, 2014, which collectively comprise **the District's** basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT **(CONTINUED)**

Auditor's Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **the District** as of December 31, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 and 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **the District's** basic financial statements. The introductory section and the schedule of compensation, benefits and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to agency head or chief executive officer is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of compensation, benefits and other payments to agency head or chief executive officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated June 28, 2015 on my consideration of **the District's** internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **the District's** internal control over financial reporting and compliance.



VGR, CPA
CERTIFIED PUBLIC ACCOUNTANT
New Orleans, Louisiana

June 28, 2015

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

Management's Discussion and Analysis (MD&A) for the **Eastover Neighborhood Improvement and Security District (the District)** is designed to:

- assist the reader in focusing on significant financial issues;
- provide an overview of **the District's** financial activities;
- identify changes in **the District's** financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
- identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for any variations that are expected to have a significant effect on future services or liquidity; and
- identify other significant issues.

The information contained herein should be read in conjunction with the financial statements, notes thereto and other required supplemental information taken as a whole.

The MD&A is required supplementary information that introduces the reader to the general-purpose financial statements and provides an overview of **the District's** financial activities. **The District's** general-purpose financial statements consist of the following components: **the District's** statement of net position, statement of revenue, expenditures and changes in net position, cash flows and the notes to financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

The District's total assets for 2014 totaled \$152,345, which consists of remaining cash of \$68,835, receivables due from resident assessments of \$66,711, and an amount due from the Eastover Property Owners Association of \$16,799.

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2014**

RESULTS OF OPERATIONS

Operating capital for 2014 was received from assessments on property owners of **the District** as defined by Act 323 by the Louisiana Legislature. Each developed parcel owner is assessed a \$1,652 fee per year which is collected by the City of New Orleans and remitted to **the District**. The City of New Orleans charges a 1% collection fee, which is deducted prior to remittance. **The District** also earns interest income on funds on deposit.

The District utilizes the assessments to maintain and provide landscaping to the community, providing for personnel to monitor the front gate entrance to the subdivision, and to provide for all other administrative functions. Surpluses from operations are retained by **the District** for future use within the subdivision.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Board expects to collect more of the parcel fees in 2015 and expects expenses to remain constant, as such 2015 budgeted revenues will be decreased by an amount expected to not be collected and expenditures will be consistent with amounts budgeted in 2014.

The Board of Commissioners of **the District** has strictly adhered to all Louisiana Ethics Laws and Parliamentary Procedures during 2014 when conducting District business.

ORIGINAL VS. REVISED BUDGET

The District adopts an annual operating budget including proposed expenditures and anticipated parcel fee collections.

The District's actual revenues of \$526,658 were less than the budget by \$115,640, a variance of approximately 18%. **The District's** actual expenditures of \$374,988 were lower than the budget by \$69,172, a variance of approximately 15.5%.

EASTOVER NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2014

ASSETS

Cash and Cash Equivalents	\$ 68,835
Accounts Receivable	66,711
Due from Affiliate	<u>16,799</u>
 TOTAL ASSETS	 <u><u>\$ 152,345</u></u>

LIABILITIES

Accounts Payable	<u>\$ -</u>
 TOTAL LIABILITIES	 <u>-</u>

<u>NET POSITION</u>	<u><u>\$ 152,345</u></u>
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EASTOVER NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Actual</u>	<u>Budgeted</u>	<u>Variance</u>
<u>REVENUES</u>			
Assessment and fees	\$ 526,658	\$ 642,298	\$ (115,640)
Interest income	<u>675</u>	<u>3,600</u>	<u>2,925</u>
Total revenues	<u>527,333</u>	<u>645,898</u>	<u>118,565</u>
<u>EXPENDITURES</u>			
Insurance	11,403	7,440	(3,963)
Maintenance	136,892	149,200	12,308
Office expense	12,028	6,000	(6,028)
Supplies expense	6,933	32,000	25,067
Payroll	161,886	177,600	15,714
Utilities	26,700	25,200	(1,500)
Internet/web	-	3,600	3,600
Telephone	3,603	3,120	(483)
Professional services	11,672	12,000	328
Interest expense	593	4,000	3,407
Other	3,278	-	(3,278)
Contingency	<u>-</u>	<u>24,000</u>	<u>24,000</u>
Total expenditure	<u>374,988</u>	<u>444,160</u>	<u>(69,172)</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>152,345</u>	<u>\$ 201,738</u>	<u>\$ (23,499)</u>
Net Position - Beginning of year	<u>-</u>		
Net Position - End of year	<u>\$ 152,345</u>		

EASTOVER NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net position	\$ 152,345
Adjustments to reconcile change in net position to net cash used in operating activities:	
Increase in accounts receivables	(66,711)
Increase in due from EPOA	<u>(16,799)</u>
Net cash provided by operating activities	<u>68,835</u>
 Net change incash and cash equivalents	 68,835
 Cash and cash equivalents - Beginning of year	 <u>-</u>
Cash and cash equivalents - End of year	<u><u>\$ 68,835</u></u>

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - ORGANIZATION:

Eastover Neighborhood Improvement District (the District) was created as an improvement district of the state of Louisiana, pursuant to House Bill No. 323 of the 2013 Regular session of the Louisiana State Legislature. Whereas, an election was held on November 16, 2013, at which a majority of the voters of the district who voted on the issue, voted to impose a parcel fee on an annual basis, not to exceed the maximum fee allowed. The board set the fee to be collected at \$1,652. House Bill No. 323 authorized the New Orleans City Council to levy and collect the fee on each parcel of ground located within **the District**, which comprises the Eastover subdivision. The fees are to be collected by the City of New Orleans. The board has earmarked the fee to be utilized to support the activities of **the District**, to include but not be limited to security, beautification, community awareness, community gatherings, and any other community activities deemed appropriate by the board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis Presentation

The accompanying general-purpose financial statements of **the District** have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting principles are described below.

Basic Financial Statements – Government-Wide Statements

The District uses the government-wide (reporting Eastover as a whole) financial statements. The government-wide financial statements categorize primary activities as either governmental or business type. There were no activities of **the District** categorized as a business type activity.

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basic Financial Statements, Continued

The government-wide revenues, expenditures and changes in net position report both the gross and net cost of **the District's** function. The revenues, expenditures and changes in net position reduce gross expenditures by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. The net costs, by function, are normally covered by general revenue, interest and investment earnings, etc. **The District** does not allocate indirect costs.

The government-wide focus is more on the sustainability of **the District** as an entity and the change in **the District's** net assets resulting from the current year's activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

Measurement Focus, Basis of Accounting,
and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All revenue items are recorded when the amount of the parcel fees to be received are measurable. Expenditures are recorded when a liability is incurred.

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budget

In accordance with the Louisiana Local Government Budget Act, the procedures used by **the District** in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections, and public hearings. **The District** then legally adopts the budget. Budgeted amounts for the General Fund included in the accompanying statements are as originally adopted by **the District** for the year 2014.

NOTE 4 - CASH AND CASH EQUIVALENTS

The District maintains cash accounts at local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000. **The District** has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

NOTE 5 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 28, 2015, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT**
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR
CHIEF EXECUTIVE OFFICER (STATEMENT C)
FOR THE YEAR ENDED DECEMBER 31, 2014

Agency Head Name/Title: Mark Moody, Chairman of the Commissioners

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-other (describe)	-
Benefits-other (describe)	-
Benefits-other (describe)	-
Car allowance	-
Vehicle provided by government (enter amount reported on W-2)	-
Per diem	-
Reimbursements	259
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses (example: travel advances, etc.)	-
Special meals	-
Other	-



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
**Eastover Neighborhood Improvement
and Security District**
New Orleans, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Eastover Neighborhood Improvement and Security District (the District)** which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 28, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered **the District's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the District's** internal control. Accordingly, I do not express an opinion on the effectiveness of **the District's** internal control.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

(CONTINUED)

Internal Control Over Financial Reporting, Continued

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of **the District's** financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

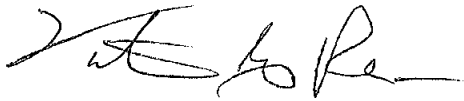
As part of obtaining reasonable assurance about whether **the District's** financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

(CONTINUED)

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **the District's** internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **the District's** internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



VGR, CPA
CERTIFIED PUBLIC ACCOUNTANT
New Orleans, Louisiana

June 28, 2015

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

COMPLIANCE AND OTHER MATTERS

None noted.